Direct Loans

a better way to borrow

Dear Friends,

Welcome to the Direct Loan Conference. I am proud and excited to be part of your community, and I look forward to meeting as many of you as I possibly can.

The pride I feel flows from the mission we share: We help put America through school. Each year, working together, we enable millions of Americans to change their lives positively and profoundly — to equip themselves better to nourish their families, to attain the dignity that comes of discipline and knowledge, and to make their minds a better place to reside. I cannot imagine a higher calling.

My excitement comes from this opportunity to help restore America's faith in her government. I left a successful career as a software company CEO to help Vice President Gore "reinvent" government. My dream was to make government deliver the same, world-class service that people get from the best in business. When Congress made the Office of Student Financial Assistance the nation's first Performance Based Organization, and Secretary Riley picked me to run it, I got the chance to make my dream come true.

Customer service that equals the best in business is my goal. I cannot achieve it without you. Because most often, you, not SFA, deal directly with our ultimate customers, the students. If our procedures, our systems, or our people are difficult for you to deal with, then you cannot deliver the best possible service to students. Simply put, if you have a problem, I have a problem.

I know that, right now, you and I have lots of problems to solve. And we are going to solve them. As partners.

I have launched a Customer Service Task Force to set the course for our future.

Some of you are already involved — you have met with them, sent messages to them, told them what has to be changed. But they won't succeed unless all of you are involved. Tell them your problems — my problems — at OSFA_customer_service_task_force@ed.gov/. Do it soon. I've told the task force to finish their work by the first of July.

Talk to me, too — when I join the conference this week, or years from now, when I might mistakenly do something that gives you a problem. I know that you are closer to our customer, and I respect that. I know that you have options. I want to keep you and your school in the Direct Loan community.

Just keep telling me how.

Sincerely,

Greg Woods

Direct Loan Task Force Staff

Marge White	Phyllis Hooyman *	Jim Newell
Acting Chair	Corwin Jennings	Yvette Payne
	Robert Kling	Joyce Rice
Dottie Black	Denise Leifeste	Erica Smith
Charlie Bruce *	Margie Linkous	Sarah Utz
Lynda Folwick	Joe McCormick **	Richard Wheeling
Fred Franklin	Tamika McKim	Joni Wood
Nell Gerald	Gail McLean-Campbell	Sterling Yoder
Lee Hardwick	Tony Milidantri	
Quynh Holzheimer	Joanne Murphy	

* IPA through the Inter-agency Personnel Act
** on detail to Customer Service Task Force

SFA -- Government's First
PERFORMANCE BASED ORGANIZATION

We help put America through school.

The Office of Student Financial Assistance (OSFA) is gearing up for the challenge of being the first Performance Based Organization (PBO) in the federal government. The new organization, which reports directly to the Secretary, is moving fast forward to achieve four major goals envisioned by the Higher Education Amendments of 1998. To

- improve service and make student financial assistance easier to understand for students, their parents and other participants
- reduce costs
- increase accountability and provide flexibility for managing operational functions
- integrate and maintain the systems supporting federal student financial assistance to ensure that they have complete, accurate, and timely data for program integrity

The Chief Operating Officer (COO) is the central point within OSFA leading the challenge to accomplish these goals. For this COO, the first order of business is to improve services to students, parents, schools and lenders. Your SFA Customer Service Task Force is up and running — contact them. Tell them your wants, your needs, and when you expect results!

ACCEPTING APPLICATIONS FOR IPAs

The Direct Loan Task Force is seeking your knowledge and experience with the Direct Loan Program. We are recruiting individuals who are very familiar with Direct Loan program operations from the institutional perspective to work for the Task Force in Washington, D.C. Employees in school financial aid departments, business offices, and data processing offices at Direct Loan schools are encouraged to apply under the Interagency Personnel Act. We prefer a one-year commitment but will consider six to nine months.

Responsibilities will include: advising the Task Force about changes and improvements for program administration, reviewing requirements for origination and servicing of Direct Loans, assisting with school problem resolution, monitoring program administration by function, and assisting with coordination of program activity among the SFA service areas. If interested, please fax your resume to Marge White at (202) 401-3424 or mail it to the Direct Loan Task Force.

CUSTOMER SERVICE TASK FORCE IS MAKING CHANGES

Take chances! Get messy! Make mistakes!

These exhortations, cribbed from a popular kid's TV show called "The Magic Schoolbus," greet the fifty members of SFA's newest and most important task force each morning. Good advice for a group that has just four and a half months to draw up the transformation plan for America's first Performance Based Organization, a plan that is to elevate SFA to equal the best in business in customer service, employee satisfaction, and financial performance.

Despite its daunting responsibility, the Customer Service Task Force does not comprise the usual Washington array of management and organizational experts and other high-priced consultants. "I didn't want those people," says Greg Woods, SFA's new chief operating officer. "I wanted the real experts — our own employees and our support contractors — people who deal with our customers day in and day out — people who know we can do a better job and are dying to fix things."

Woods got what he wanted. About half of the team is from the ten regional offices, half from headquarters, their regular jobs running the full gamut of GS pay-grades and SFA functions. Four team members work for the contractors who process loan applications and collect debts. Team member avocations are just as varied: a gourmet cook and wine aficionado, a Russian linguist, a country dance caller, a motorcycle enthusiast, a toastmaster, a prison chaplain. Stephen Blair, who has worked on federal student aid from its inception and once headed a trade school association, is the task force "coach." In appearance and demeanor, Blair evokes memories of Edmund Gwenn as Kris Kringle in Miracle On 34th Street. And with his avocation as a church group facilitator, Blair brings a com-

bination of leadership skills, bouncy energy, and bone-deep commitment to educating America that will serve the group well through the grueling months ahead.

The Task Force met first on February 17th and lost no time getting into high gear. Woods kicked things off with a video describing how things are done at Southwest Airline, a company renowned for good employee relations and customer satisfaction. Not the traditional management primer, Shuffle Fun is a ten-minute hiphop music video written by and starring people from every department of Southwest, each with a chorus about their own contribution, all led by MC Rapmaster and CEO, Herb Kelleher. Then "Woods shuffled off" and left it up to the team to "change everything — from the forms we make students fill out to the color of the phone in my office."

By that first afternoon, the walls of the task force office were papered with lists of "what works" and "what doesn't work," the latter list ten times the longer. One of the team members looked around the walls and said, "Before we started listing things, I was wondering what we would do for four months." But the lists are going to get a lot longer, because the task force is headed out to listen to other SFA employees, students, school administrators and financial aid advisors, private lenders, and every other stakeholder they can find. Along with the face-to-face "listening sessions," the task force is soliciting ideas, problems, and solutions through the intranet for SFA employees at http://client/cstf/ and its web site for everyone: www.ed.gov.cstf (messages can be sent anonymously to both). The task force will post everything it hears and periodic progress reports on the web site, too.

"We need all the help we can get," says Blair, "especially from our partners, like schools and lenders, and from the students themselves. We want to make it work for them, but they have to tell us how."

> ❝ **I wanted the real experts — our own employees and our support contractors — people who deal with our customers day in and day out — people who know we can do a better job and are dying to fix things.** ❞

The makeup of the task force — employees from the front-line to the front-office — as well as their method of engaging all the customers, partners, and workers in the process from the beginning, are copied from Vice President Gore's National Performance Review and from last year's IRS Customer Service Task Force. Woods worked on both. Bob Stone from Gore's team and Bob Wenszell from IRS have already dropped by the SFA task force office to give them encouragement and tips.

The SFA Customer Service Task Force report will be delivered to Woods on July 1st. But when they come across something obviously wrong and easy to fix, they plan to do it right away, not wait until July. The quick fixes will be on the web site.

"I think the team will be making lots of changes before July," says Blair, "by gathering up all the wind-falls and low-hanging fruit. But the July report is still going to be a humdinger."

CUSTOMER SERVICE TASK FORCE

Phone: 202/260-7555   **Fax:** 202/260-9133
Email: SFA_customer_service_task_force@ed.gov
Web: www.ed.gov/cstf

Chair: Stephen Blair	Rich Galloway	Arva Reeves
	Robert Gelfand	Lori Rehfeldt
Sarah Babson	Greg Glova	Rick Reinhardt
Renee Barnes	Lana Gourdine	Jennifer Ryder
Kerry Berryman	John Hilton	David Rives
Deborah Brown	Lisa Howell	Karen Sefton
Lexi Byers	Marguerite Hunt	Carol Seifert
Melissa Cantrell (NCS)	Terry Karpinski (EDS)	Beverly Stern
Rogelio Carvallo	Joe McCormick	Sue Szabo (ACS/FASFA)
Chris Crisman	Greg McInnis	Steven Tessitore
(Diversified Credit Corp.)	Hazel Mingo	Milton Thomas
Lynette Davis	Phil Moody	Jerry Wallace
Joyce DeMoss	Karen Morris	Pam Wills
Pat Edelson	Tony Oliveto	Melissa Worrell
Adam Essex	Tom Pestka	Fred Wynn
Barbara Framer	Frank Phillips	

Year 2000 Questions and Answers

When should my institution complete Year 2000 renovations to ensure that I do not experience difficulty obtaining electronic information or access to Title IV funding?

Schools should:

No later than January 1999 have —
- reviewed the Department's technology requirements that were described in the October 1997, Dear Colleague Letter, Gen-97-1
- evaluated their current equipment, and
- renovated their computer systems, if necessary

No later than March 31, 1999 —
- tested those systems for Year 2000 readiness, and
- implemented any necessary renovations

What should a financial aid administrator ask their systems staff concerning Y2K compliance?
- Is there a Year 2000 plan?
- Get a copy of the plan. Review it and check the dates.
- Make sure that the date formats comply with the Department of Education formats.
- Make sure that implementation of renovated systems is scheduled prior to 3/99.
- Make certain the plan addresses large systems, small databases, PC's, and systems with embedded technology, e.g., fire alarms, phone systems, security systems, medical devices.

How can I, a financial aid administrator, confirm that the necessary work is being done?

Get frequent updates on the status of the plan. The top management of the school should make this a priority and should get regular updates as well. Once it is determined that the system has been renovated, conduct a system validation test to verify that it is indeed compliant.

What is the Department of Education's date standard format?

CCYYMMDD - 1998/11/23 or 2001/03/12 for example. If subsequent date/time information is transmitted it should follow in descending order of time, i.e., (HH) hour, (MM) minute, and (SS) second.

What if a school's date format is slightly different from ED's standard?

Title IV system's users will provide a complete data file layout including the format of date fields. As is currently the case, any data that is transmitted to an application system that does not conform to the provided layout will be rejected by the Title IV system.

What is the Year 2000 requirement for partner institutions' computer hardware?

No special requirements exist for schools' computer hardware, over and above the requirement that those computers maintain and properly transmit data free of Year 2000 anomalies when communicating with ED systems. If a school's PC does not handle dates correctly, resulting in inaccurate data, the school will be required to repair or replace the equipment so that accurate data will be exchanged.

YEAR 2000 READINESS KIT — A HELPFUL RESOURCE

If you have not yet done so, you should check out the Year 2000 Readiness Kit for Higher Education. It includes a number of Y2K resources that some institutions have developed to address the Y2K along with directions and recommendations for establishing contingency plans. The full text of the Kit can be downloaded from the Department's home page at **www.ed.gov/offices/OCIO/year/howto.html**

The Department is relying on the Internet to distribute Y2K information. All institutions must meet the standards of administrative capability, for the Year 2000, outlined in 34 CFR 668.16. For updated information on the status of the Department's Y2K renovation work, data exchange testing information, and other outreach activities check the web site regularly. There is also a list serve that focuses on the Y2K needs of colleges and universities, including contingency planning, vendor issues, testing, and more. To subscribe, send the message "subscribe higher-ed-y2K" (without the quotes) to the email address: majordomo@lists.stanford.edu

Remember, if you have problems meeting the Department's Year 2000 guidelines request help without delay. We will work with you to achieve a smooth transition to the Year 2000.

# Education Tax Benefits in 1999 and 2000

Several important higher education tax benefits were included in the Taxpayer Relief Act of 1997 —

- **Lifetime Learning tax credits** — permits deductions up to $1,000 in 1999 and up to $2,000 in 2000 and later years, for students beyond their first two years of study, and for part-time students who need to upgrade their job skills. Eligibility for both tax credits phases out at incomes between $80,000 and $100,000 for joint filers, and at incomes between $40,000 and $50,000 for single filers.
- **New Individual Retirement Account lets** — allows an "above the line" withdrawal without penalty from Individual Retirement Accounts to use for education costs. The maximum deduction is $1,500 in 1999, $2,000 in 2000, and $2,500 in 2001 and beyond. Eligibility for this deduction is phased out at incomes between $60,000 and $75,000 for joint filers and between $40,000 and $55,000 for single filers.
- **Employer-provided education benefits** — allows workers to exclude from their taxable income up to $5,250 of employer-provided education benefits for under-graduate courses, was extended through June 1, 2000.
- **HOPE Scholarship tax credit** — families can receive up to $1,500 for each of the first two years of postsecondary education.

ACCESS AMERICA FOR STUDENTS

The National Partnership for Reinventing Government has outlined a plan to provide Americans with greater access to federal services and benefits. This plan, entitled "Access America — Reengineering Through Information Technology," allows federal agencies to coordinate and develop electronic access tools to deliver benefits, information and services to citizens.

The U.S. Department of Education has joined with several other federal agencies to develop and implement Access America for Students, a student-centered component of the larger Access America vision. Its goals are to test modern electronic commerce tools to improve customer service and reduce taxpayer costs, and to build a common process for electronic access to government services across agencies.
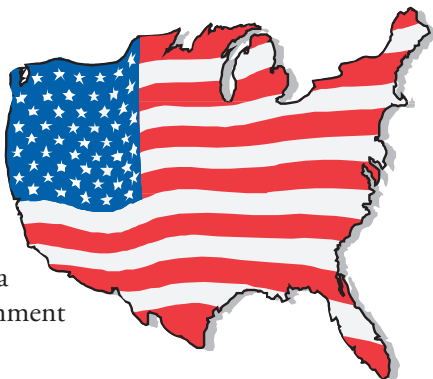
Beginning with the start of the 1999/2000 award year, Access America for Students will test the use of three basic tools to modernize the delivery of government services to students:

- A web site gateway that gives students access to a variety of government services;
- An electronic ID that allows students to complete transactions with the government and other parties over the Internet;
- A student account — based on commercial financial infrastructure — that provides students with a single point of contact for customer information and supports the delivery of student aid.

ED's partner agencies in Access America for Students include the Internal Revenue Service, Veterans Affairs, Social Security Administration, Department of Labor, Office of Management and Budget, and several recreation agencies.

Schedule of Student Financial Assistance 1999 Training

Regional Location	Direct Loan Overview	EDExpress for Direct Loan Schools	Direct Loan Reconciliation Game
I Boston, MA	April 16, May 4	April 20-2, 27-28 May 5-6 ,18-19 June 8	April 29 May 20
II New York, NY	May 3 June 1, 14	May 4-5 June 2-3, 15-16	May 6 June 4, 17
III Philadelphia, PA Washington, D.C.	May 18, June 1 April 21	May 19-30, June 2-3 June 15-16	May 21, June 4
IV Atlanta, GA	May 11 June 22	May 12-13 June 23-24	May 25 June 3, 25
V Chicago, IL	April 27 May 19 June 7	April 28-29 May 20-21 June 8-9	May 12 June 10
VI Dallas, TX	May 11 May 25	May 18-19 June 1-2	May 20 June 3
VII Kansas City, MO	April 28 May 24	April 29-30 May 25-26	May 27 June 9
VIII Denver, CO	May 3 May 18	May 4-5	
IX San Francisco, CA	April 20, 27 May 11, 25 June 10-11 July 14-15	April 21-22, 28-29 May 12-13, 26-27	
X Seattle WA	May 11 June 15 July20	May 12-13 June 16-17 July 21-22	

ELECTRONIC ACCESS CONFERENCES

November 2-4, 1999
Miami, FL

November 15-17, 1999
Keystone, CO

December 15-17, 1999
San Antonio, TX

DIRECT LOAN PUBLICATIONS

Direct Loan
Repayment Book: April 1999

Entrance and Exit
Counseling materials: July 1999

Direct Loan School Guide: July 1999

To order, contact:

U.S. Department of Education
Loan Origination Center
P.O. Box 5692

Phone: 1-800-848-0978
Fax: 1-800-557-7396